Dorrington, W.E.

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THE

CURRENCY QUESTION

PRACTICALLY CONSIDERED

FROM A COMMERCIAL AND FINANCIAL POINT OF VIEW.

BY

W. E. DORRINGTON.

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THE movement in favour of Monetary Reform, which has quietly but surely been gathering strength for the last twenty years, has at length burst upon the world with relentless force, and it is no exaggeration to say that the Currency Question has now become the leading question of the day. It is not a local question, nor even a national one merely, for it is an international question of the gravest import. It has ceased to be a cloud no bigger than a man's hand; but has become a case of the "heavens black with clouds" looming over the commercial world, ominous of disaster.

Currency is the very keystone of the commercial arch; it is also the pivot upon which the whole financial and commercial structure of the world turns; it is the meeting place for the diverse interests of buyers and sellers; it is the instrument by

which the rivalries of debtors and creditors, producers and consumers, are settled; it is the medium provided by civilisation for the interchange of commodities between man and man, and between nation and nation. Wholesale Production can only be adjusted to Retail Consumption by means of a well-regulated system of currency, and it is the road upon which alone international trade can travel freely, because without its agency the world would be driven back to a system of direct barter—a system which is admittedly incompatible with civilisation.

It can hardly be denied that Universal Free Trade is the ideal of Fiscal Legislation; yet England, the pioneer of Free Trade, has so far persisted in a system of Gold Monometallism which is fundamentally opposed to the extension and development of Free Trade throughout the world. The late Professor Emile de Laveleye was most emphatic upon this point.* It is true that Free Trade was established and thrived in England in spite of her present Gold Mono-

* Writing in the *Pall Mall Gazette*, of November 20th, 1889, Professor de Laveleye said: "When in 1816 England proscribed silver—an example which has been followed since 1874 in all other countries except India—an arbitrary law was enacted which established protection and monopoly in favour of gold, in opposition to the natural order of things, to historical traditions, and to the universal practice of Free Trade. But, it is said, the other countries are not forced to imitate the example of England. Mistaken notion!! So long as bimetallism acted in France, the silver money in Germany, in America, in India, discharged the same function as gold money, because its value, thanks to the action of the French law of the year 1802, remained stable. To-day, when proscribed silver has only an ever-varying value, no State will any longer make it the basis of its circulation, and each State demands gold. But gold being a very rare metal, and the greater part of the supply, moreover, being employed in the arts, does not suffice to supply all nations with the means of exchange of which they have need. Hence has followed a 'struggle for gold' which is fatal to Free Trade. Prince Bismarck, in one of those figures of speech which present the vital reality of things, has likened gold to 'a narrow blanket, of which everyone strives to obtain his share.' This warfare is carried on not by means of armed men, but by means of advances in the bank rates and advances of the Customs tariffs. With the hope of producing a favourable balance of trade, which will cause gold to be imported, or which will, at least, prevent it from being drained away, the various States put constantly increasing duties on commodities imported from abroad. This has been the policy of Russia, Germany, Italy, Austria, Roumania, Spain, &c. The same thing has been done and will be done with still greater emphasis by the American Republics. During the crisis caused by the monetary contraction from 1820 to 1830, the Continental States, in precisely the same way, resorted to Protection in order to preserve their monetary stocks. In the midst of a universal 'scramble for gold,' for 'the too narrow coverlet,' how can the admirable motto of Cobden, 'Free Trade, Peace, and Goodwill among nations,' be realised?"

metallic Monetary System, because until the year 1873 that system was rendered harmless owing to the Bimetallic Laws of France and the Latin Union. If anyone doubts the hindrance to the development of Free Trade since 1873, let him look round and take note of the Governments which have, since that date, initiated or increased their Customs Tariffs in order to retain or secure for their respective countries the gold which they have been, and are still, obliged to make sure of, in order to discharge their external obligations. Take the case of America for instance. Since 1873 her Customs Tariffs have grown with malignant persistency until at last they have become insupportable. The Presidential Election in November last year showed that the United States as a nation had made up its mind no longer to tolerate this incubus; and yet President Cleveland in his first Session of Congress has shown himself powerless to deal with the Tariffs, because the way thereto is blocked by the Currency Question. America, having already an adverse balance of indebtedness against her, cannot relax her Tariffs, because if she did so without a solution of the Currency Problem she would lose her gold, and would probably be reduced to a Silver Standard country, and thereby be placed out of touch with the great Western nations. It is well known also that when Continental producers feel the pinch of the falling prices for their products, caused to a great extent, as I maintain, by the appreciation of gold, they do not trouble themselves with a Constitutional agitation for Monetary Reform as we in slow-going England do in the hope that our Government—whatever Party be in power—will leave "heroic" legislation alone for a little, and legislate practically for the commercial needs of the people. On the contrary, foreign manufacturers immediately cry out for increased protection for the particular industry that is suffering, and they get it; so that as they all suffer in turn, the wall of protective tariffs constantly rises higher round them and against us.

Another point to be remembered is that many tariffs are specific (not *ad valorem*), and where this is the case the

reduction in values *pro rata* increases the hostile tariff against us. To illustrate this, let us assume that a textile product twenty years ago had a "specific" tariff against it equivalent to 40 per cent. of its then value. The value of several textile products has fallen 40 per cent., so that even if the nominal amount of the duty remains the same the percentage of hostile tariff has increased from four-tenths of the price of the goods to four-sixths of the price, a real increase of the tariff from 40 to 66 per cent. Other illustrations might be given, and the more this aspect of the question is examined, the more indisputably will it be evidenced that England's narrow system of Gold Monometallism is absolutely opposed to the principle of Free Trade and its extension throughout the world.

In considering this great question from a practical point of view, I think it cannot be denied that Stability is the first qualification demanded of a Monetary Standard. Seeing that it is the final point of adjustment for national and international transactions, stability, as nearly as it is attainable, is the only guarantee we have that the Monetary System will work with justice as between divergent interests.

Gold alone clearly does not contain the elements of absolute or even approximate stability—witness the great fall of the gold prices of commodities since 1873. It is probable that a portion of that fall is due to cheapened methods of production; but that a large proportion of it is simply another way of expressing a rise in the value of gold as measured by commodities, and due to the altered relations between the volumes of currency and commodities, is hardly denied by the leading economists of the day. Silver, on the other hand, as a monetary metal, has shown far greater stability in relation to commodities than gold. I have ascertained from Calcutta the price of wheat as expressed in rupees, and I find it was

In January, 1873, R3·4 per maund.
" " 1883, R2·13 "
" " 1893, R3·4 "

So that the so-called "vanishing rupee" would buy as much wheat in January 1893, in India, as it would in January 1873, and has at times during the interval been capable of buying more than it did in 1873—possibly from exceptional circumstances. The fact is, that while it might be grimly accurate to speak of the "vanishing sovereign" from a British producers' point of view, it is an entire misnomer to speak of the "vanishing rupee" at all, for if we look at these wheat figures as converted into sterling at the exchange of the various years, we find that—

In 1873 Wheat @ R3·4 in Calcutta, Exchange @ $1/11\frac{1}{2}$,
could be landed at British ports at 58/- per qr.

In 1883 Wheat @ R2·13 in Calcutta, Exchange @ $1/7\frac{1}{2}$,
could be landed at British ports at 38/- per qr.

In 1893 Wheat @ R3·4 in Calcutta, Exchange @ $1/2\frac{7}{8}$,
could be landed at British ports at 28/4 per qr.

Part of this reduction in the sterling cost delivered at a British port is due to the lower rates of freight current in 1893 as compared with 1873; but, as I shall endeavour to show presently, part of that fall, a very large part perhaps, is due to the particular phase of the currency situation known as the Appreciation of Gold; but, in any case, every fall of 1d. per rupee in the rate of the rupee exchange, reduces the lay-down cost of wheat from Calcutta about 1s. 7d. per quarter; so that from this cause alone, leaving out the question of freights, the lay-down cost has fallen 13s. 6d. per quarter since 1873. It is easy to see that India has thus to give a far greater weight of her produce in order that her Government may obtain the gold necessary to discharge its obligations. The point, however, that I wish to bring out is, that Silver money in Silver Standard countries buys in 1893 at least as much as, and probably more than, it did in 1873, the year when the Bimetallic System of France was broken down. An interesting light is thrown upon this point by some figures published by Mr. Wetmore, of Shanghai, in the early part of

this year, in the *North China Daily News*, and he points that if we compare the China price lists of the present time with those of twenty years ago, it will be found almost without exception that all articles, whether of import or export, have not only *not* maintained their value measured in Gold, but that they have barely maintained it in terms of Silver.* The more closely this point is investigated the more conspicuous is the fact that while the buying power of Gold has increased greatly in reference to all commodities, Silver money included, than it was twenty years ago, the buying power of Silver money in relation to commodities in Silver Standard or Silver-using countries, is at least as great as, if not greater than it was then. This points to the conclusion that while Silver has been far more stable in relation to commodities than Gold, the two metals divorced from each other as they have been, and each working in a distinct sphere, have not shown absolute stability in their general relation to commodities. In other words, it would require the existing mass and annual production of the two metals combined to be large enough to keep pace with the march of international trade and intercourse, and to afford such an expansion of the world's currency as would accord a reasonable measure of stability to prices.

It is obvious that both metals must continue to be used as a part of the great monetary system in one form or another. It rests with the nations themselves to say whether it shall be one simple and mutually beneficial system, or whether it shall be a conflict of national systems one against another. To anyone who will give his mind to the question, I think it will be apparent that the Commerce of the world is practically one body with arms stretching into every quarter of the globe, and that what affects one portion unfavourably must react in more or less degree upon the other portions. Just as Universal Free Trade appears to me to be the ideal of Fiscal Legislation, so International Currency for International Trade

* See Appendix, page 19.

appears to me to be the ideal of Monetary Legislation which should be aimed at. It is evident that a Gold currency throughout the world is absolutely impossible, and that Silver must play its part. Even in England alone gold would not be possible without a fiduciary issue of bank notes, with silver as token money, and with the various expedients of cheques, Clearing Houses, &c.; all of which, by legislation and national or individual credit, pass current at their nominal gold value, and are thus really doing a large portion of the work which ostensibly belongs to gold in our system; but all these rest upon gold alone, and under the increasing scramble for that metal the withdrawal, even temporarily, from England of a comparatively small sum, shrivels up credit to an extent so infinitely greater than the sum involved that the City of London is constantly overshadowed by impending crises.

If this be true of Great Britain, it has an increased importance when considering the question from an International point of view. The fact that more than half the world, in spite of the "demonetization" of silver since 1873, still uses that metal for its money, coupled with the recognised appreciation of the buying power of gold, resulting from its already having more work to do than it is capable of without the sacrifice of stability, proves that it would be impossible to make a universal gold currency. Seeing, then, that Gold and Silver are both necessary for monetary purposes, it becomes a question of whether they cannot be joined together by International Agreement, in such a manner as to form an International Joint Monetary Standard. That they *were* so joined for a long period was proved by the evidence given before the Gold and Silver Commission, and admitted in the Report of that body. It is, indeed, indisputable that from very remote times a ratio has been maintained between the two metals for long fixed periods. Such ratio has been adjusted from time to time to altered circumstances, but has at all events given to the world long periods of inter-monetary stability, a result which Gold Monometallism has entirely failed to achieve. Surely, therefore, if

there is any system by which the two metals can be linked together in one great International system, common sense points to the desirability of its adoption.

Whatever may be the merits which certain classes of Englishmen claim for that appreciating Gold Monometallic Standard, to which they cling with such unreasoning persistency, there can be no doubt as to some of the evils which it has brought about. During the last twenty years the fall in the gold prices of commodities has been phenomenal, and is far greater, as I have pointed out, than is warranted by any cheapening of the mechanical methods of production or distribution. So far as prices are lower from this latter cause, they are, to that extent, a distinct gain to humanity; but a fall in prices which results from an appreciating monetary standard, *i.e.*, from a scarcity of legal tender money, is a great evil to the whole trading and industrial community; and a gain only in a limited and temporary sense to the holders of gold and gold bonds. If it were possible to stay the appreciation of the Monetary Standard at a given point, and to simultaneously adjust the price of everything to that point, there would be no great harm done; but unfortunately in the practical world of industry and commerce such simultaneous adjustment is absolutely impossible. Men cannot enter into, or go out of, undertakings at a moment's notice; and the very necessities of Society have led to a system of fixed (*i.e.*, periodical) obligations, which are not capable of adjustment to any change in the standard except at long intervals, and often after much suffering and struggle. For instance, wages, even when they are paid weekly, are not capable of adjustment to the wholesale price obtained for articles produced, except, as we unhappily see, by means of great "lock-outs," and Labour struggles; and even then the adjustment is often not attained. Rents, rates, taxes, interest on borrowed money, railway carriage, are among the numerous component elements of production which are incapable of adjustment except at long intervals.

It follows, then, that a fall in prices brought about by an appreciation of the Monetary Standard, against which they have to be measured, falls more heavily upon certain classes than others. Up to the present time the loss has undoubtedly fallen with far greater weight upon the Industrial Capitalist in his business operations, and upon the valuation of his property, than upon any other part of the community. Labour, being in the nature of things capable of much closer organisation than "productive capital," has temporarily been able to resist the decline which would otherwise have been inevitable, and has thrown at least its share of the loss upon the Industrial Capital which provides the sinews of Industry.

This cannot, of course, go on for ever, and Labour will have sooner or later to stand or fall with the Industrial Capital which finds its employment. There is evidence on all sides that that period is not far removed. Irregularity of employment has already brought home to many sections of wage-earners a share in this loss. Strikes are becoming more frequent, and demands of employers for reduction of wages are upon a higher scale at the present time than they have generally been during the twenty years period of disturbance. The holders of Gold bonds and debentures, and men with fixed incomes have so far taken but little share in the adjustment to the appreciation of the Monetary Standard, but have gained thereby in additional purchasing power of their interest, which has been paid in gold. But that there must come a day of adjustment has been evidenced by the reduction of the interest on Consols, while there is a grave outlook for the holders of the obligations of many foreign States, not only as to interest but as to principal also. Another evil resulting from the fact that the appreciation of the Standard has been progressive over a long term of years, is that each year gold practically buys more than it did the previous year. This amounts to saying that the mill which is erected in 1893, the ship which is built in 1893, the railways constructed in 1893—in fact, all the industrial enterprise of

1893 is conducted upon a lower basis of price than that of 1892, and likewise that of 1892 upon a lower basis than that of 1891, and so on *ad infinitum*. In like manner, if Gold Monometallism should continue, the mill which is erected and fitted in 1895 will have a great advantage over the mill built in 1893, even though there be no improvement in the machinery in the meantime. In this connection it should be remembered that it is the lowest price at which a steamer, or a railway, or a mill, or whatever it may be, can be reproduced which fixes the earning power of the capital employed in the industrial concerns which have been erected or constructed at an anterior period upon a higher basis of cost. Therefore, the continued appreciation of gold means the absolutely simultaneous and automatic fall in the value of the capital previously embarked in industrial enterprise. But these losses to the Industrial Capitalist—the farmer and the landlord—are not merely personal matters which begin and end with certain classes of the community, their effect will be ultimately felt by the nation, and by nations at large in discouraging enterprise and labour. The talent of capital which ought to be reproductive will be tied up in a napkin, and will no longer give seed to the sower, or bread to the eater.

A careful consideration of this point will demonstrate how entirely impotent the Industrial Capitalist has been to save his position and his property from the losses inflicted by an appreciating standard, and how unfair that system has proved to him. This, no doubt, accounts to a considerable degree for the fall in freights between India and England during a number of years, which I have referred to in an earlier portion of this paper, with a corresponding loss to the great shipping industry. It will be seen from the figures I have given there what an evil condition has been brought upon Agriculture through these artificial means.

I have shown that hostile tariffs abroad have been a direct result of the appreciation of gold consequent upon the breaking of the link, in 1873, between Gold and Silver. If so, can

anything be more detrimental to the progress, not only of British trade and manufacture, but of the interchange of commodities between the nations of the world, than the system which has erected fiscal barriers on all sides? Another feature, due to the breaking of the link, which has told heavily against England under her present system during the past, and is full of peril for the future, is the advantage given to producers in Silver Standard countries to erect machinery and produce commodities, not only for their own use, but for competition with those produced in Gold Standard countries. Some five years ago the Directors of the Manchester Chamber of Commerce made an exhaustive investigation, with the view of ascertaining whether the rapid development of the Indian Cotton Spinning Industry was or was not traceable to special circumstances. With the evidence before it, that Chamber passed a resolution affirming that it was in the main due to the monetary advantage above referred to, and not to the "geographical position" of India in relation to the cotton raised within its area, or to the markets of the far East, that English and other capitalists owning mills in India were enabled so far to supersede the Lancashire cotton spinners that the former has been able to secure orders for the whole of the increased demand in China and Japan for imported yarns. The loss to Lancashire from this cause has been enormous; and Lancashire is only typical of other industrial centres in Great Britain. For instance, the same remarks apply with equal force to Dundee, whose jute spinning and weaving industry has been largely crippled by the competition of mills erected in Bengal, the foundation of whose success undoubtedly rests upon the low price of the rupee as expressed in terms of Gold.

What is true of India is true of Japan—also a Silver Standard country. There the development of cotton spinning and other mechanical industries has been phenomenal; and the Japanese themselves recognise that it is the low gold price of the dollar which has enabled them to obtain so firm a footing in the trade of the East. It is interesting to note in connection with the

great coal strike which is now in progress, that Japanese coal produced under a Silver Standard system is ousting British coal and Australian coal—both produced under a Gold Standard—from the coaling stations of the East, owing to the cheapness at which it can relatively be sold on a silver basis.

Another evil brought upon British industry by the great divergence which has taken place in the relation of the two metals since 1873 has been, and is, the disturbance caused to the steady consumption of goods and commodities during the period of adjustment to each successive fall. A few figures will forcibly illustrate this aspect of the question. A lb. of yarn costing in Manchester 8½d. can, at 2s. per dollar Exchange, be sold in Japan at $156 per bale of 400lbs.

If Exchange rose to 2/3 per dollar it could be sold at $139 per bale.

If Exchange rose to 2/6 per dollar it could be sold at $126 per bale.

If Exchange rose to 2/9 per dollar it could be sold at $115 per bale.

If Exchange rose to 3/- per dollar it could be sold at $106 per bale.

If Exchange rose to 3/3 per dollar it could be sold at $98½ per bale.

If Exchange rose to 3/6 per dollar it could be sold at $92 per bale.

If Exchange rose to 3/9 per dollar it could be sold at $86 per bale.

If Exchange rose to 4/- per dollar it could be sold at $81 per bale.

Now it will be obvious to anyone that, all things equal, a bale of yarn which could be sold at 81 dollars would go into

consumption much more rapidly than if it could not be sold for less than 156 dollars. I do not mean to say for a moment that this comparison implies that the natives are paying so much higher than they were twenty years ago, because the whole course of prices in the East, as I have already shown, demonstrates that silver money buys as much as ever it did, and, therefore, the burden of adjustment to the depreciated Gold value of Silver Money has come entirely from the fall in gold prices, and has fallen chiefly upon the industrial capitalist. But even that adjustment has not been simultaneous with the fall in the rupee or dollar, and with each severe decline in silver there has been a period of struggle between buyers and sellers in every market in the East before a new basis for the interchange of commodities could be reached.

There is another point of view from which it is worth while to consider these figures, and I only give them as typical of what applies to everything exported from Gold Standard countries to Silver Standard countries. Suppose that the consumer in the East can afford to pay 120 dollars per bale of 400lbs. for a certain class of yarn.

At 2/- per dollar Exchange the merchant in Manchester could afford to pay for it 6¾d. per lb. first cost.

At 2/3 per dollar Exchange the merchant in Manchester could afford to pay for it 7⅝d. per lb. first cost.

At 2/6 per dollar Exchange the merchant in Manchester could afford to pay for it 8½d. per lb. first cost.

At 2/9 per dollar Exchange the merchant in Manchester could afford to pay for it 9⅜d. per lb. first cost.

At 3/- per dollar Exchange the merchant in Manchester could afford to pay for it 10¼d. per lb. first cost.

At 3/3 per dollar Exchange the merchant in Manchester could afford to pay for it 11⅛d. per lb. first cost.

At 3/6 per dollar Exchange the merchant in Manchester could afford to pay for it 12d. per lb. first cost.

At 3/9 per dollar Exchange the merchant in Manchester could afford to pay for it $12\frac{7}{8}$d. per lb. first cost.

At 4/- per dollar Exchange the merchant in Manchester could afford to pay for it $13\frac{3}{4}$d. per lb. first cost.

Comparing these extremes, can anyone deny that the compound elements of production, labour included, could command a higher value when they came to divide $13\frac{3}{4}$d. per lb. instead of $6\frac{3}{4}$d. for the same quantity of labour, material, &c.?

Fixed charges would not immediately share in the benefits of such improved net returns, being only capable of periodical adjustment; but, as I have endeavoured to show, very few fixed charges have yet been adjusted to the low sterling prices brought about by the depreciation of silver.

I am not concerned to deny that the stimulus given by the low gold price of silver to exports from Eastern countries has been a matter of benefit and gain to certain classes in those countries; but I do not think it can be denied that such benefit has gone almost exclusively into the pocket of the producing capitalist in the East rather than into that of labour, because from all the evidence I have been able to gather, wages generally in Eastern countries have not risen during the past twenty years.

From what I have said I think there is one deduction which is indisputable—viz., that the low prices which producers in Gold Standard England have been forced to accept have not been any stimulus to increased demand. All things being equal, a fall in prices at one period compared with another would lead to an increased demand in something like due proportion to the extent of the fall in prices; but from what I have shown, the fall in prices since 1873 has merely served to keep prices in the East, expressed in silver, from rising; and has not, therefore, by rendering the commodities cheap to the consumer, brought about its natural compensation in the form of increased trade.

To the merchant, the development of the Currency Question since 1873 has been a source of constantly-increasing anxiety in the conduct of his business. Forced on by the necessities of Gold obligations, the development of customs-tariffs and fiscal barriers in Gold Standard countries has caused industrial England to look more and more to the great Silver-using East for the outlet for her production; while at the same time the dislocation between Gold money and Silver money has caused the trade to be done under circumstances of the greatest difficulty. It is hardly an exaggeration to say that the trade with the East has become practically a gamble in silver, to a large extent quite apart from the laws of supply and demand. I cannot do better than quote an actual report accompanying the sale of a small parcel of yarn in Yokohama at the end of June last. The value of the parcel was $960, and the loss upon it was $132, explained as follows:—

> "We greatly regret the most unfortunate out-turn of this small parcel during the recent collapse in silver and exchange. The buyer having paid for and taken delivery of the goods on the 30th June, and with silver apparently tumbling down, we could only take up the bill at once with the proceeds paid us, only to find, to our disgust, that almost directly afterwards silver took a sharp upward turn. This will show the demoralised state of our Exchange market."

This is merely an illustration in a small way of the risks to which the merchant or distributor is unavoidably exposed, and it is manifest that it must greatly interfere with the free flow of trade. It may be mentioned that much of this class of business is transacted for a margin of one per cent., so that the risks nowadays are out of all proportion to the profits obtainable under the most favourable conditions.

The importer from the East suffers in a similar manner from each fall in the gold value of silver. While it is true that exports from the East are stimulated thereby, bringing increased

business to the commission houses there, it is at a heavy cost to those engaged in the trade in England, because it is idle to assert that silver prices in the East rise simultaneously with each fall in silver. I have shown that silver money in Silver Standard countries buys as much as it did twenty years ago; and the plain meaning of this is that each fall in silver enables export commission merchants there to sell at a lower gold price in London, thereby undermining the value of all produce previously contracted for.

The action recently taken in India in closing the Mints to silver shows that the Currency Question, there at all events, had become so intolerable as to render necessary the application of a remedy of some sort. The remedy adopted may have been the only one open to the Indian Government, in view of the increased pressure of her external gold debt, consequent upon the fall in exchangeable value of the rupee in terms of gold, and also of the agitation by the members of her Civil and Military Services, who, desiring to make remittances home, were suffering from the same cause; but the measure is certainly a reactionary one, full of danger, and it offers no guarantee of permanent stability between the rupee and the sovereign. It appears only too probable that in endeavouring to lessen one evil the Government has set up a series of conditions which will tell severely against India in her export trade to China and other parts of the "Far East" which remain on a Silver Standard. Various industries in Japan will now have an advantage over India in competing in the China markets, owing to the dollar being relatively at a lower value in relation to gold than the rupee; while even if China does not take advantage of her opportunity to develop manufacturing industries, she will be able to export her produce to both Silver Standard and Gold Standard countries with an immense advantage in competition with India.

If British and Colonial industry, and if the real interests of India, require the restoration of the old Joint Gold and Silver Standard, it may very pertinently be asked, why have monetary reformers still to teach and agitate, why has not success long since crowned their efforts? Monetary reformers who belong to the school represented by the Bimetallic League insist that the question must be settled on a broad international basis, and that the Bimetallic Union should include a reasonable proportion of the leading nations of the world. It is true that France alone, by her open mints for both metals, preserved a stable ratio between gold and silver moneys throughout the world for generations, but France and other countries very properly say now, that as the United Kingdom has the largest international trade in the world, and as, through its Eastern possessions, ours is a greater silver-using empire than any of the other commercial nations, we ought to take a full share in any international agreement for the settlement of a monetary difficulty which is International. I unhesitatingly assert that Britain is the main obstacle in the way of such an International Bimetallic Union.

Does anyone ask, "Why this obduracy on our part?" In my opinion it has been entirely due to the adverse influence which the British Government has allowed a section of the bankers and financiers of the City of London to exercise over it. Some of these gentlemen already approve of the demand for this monetary reform, others are at last giving serious and impartial study to the question, and the results are most encouraging. The lessons of 1890 and 1893 have not been thrown away. I have already said that the benefits even to the holder of foreign Gold Bonds are only limited and temporary. Insolvency of some foreign nations, loss of credit in the case of others, and the general shrinkage in the capital value of securities—whose aggregate value is hundreds, if not thousands of millions sterling—is a serious set-off against the alleged advantages of the Gold Standard.

But another danger threatens the City, which is exercising the minds of those whose financial vision extends beyond Threadneedle Street and Lombard Street,—I mean the continuation of, and prospective increase in, the

"scramble for gold." As Mr. Goschen pointed out at Leeds, London is the only gold market which is entirely unprotected against a sudden foreign drain of that metal. We have suffered already from this source, and the probabilities are that the evil will be greatly intensified by new demands for the United States and other parts of the world. Our monetary laws provide no remedy but the clumsy one of raising the Bank rate, whereby, as at present, the industries of this country are often taxed by a high Bank rate when they are suffering severe depression. This process of protecting our gold from foreign drain, or attracting it from abroad, is often slow in its operation, and we have sometimes seen in times of crises that, instead of our boasted monetary laws being a help, we can only escape catastrophe by suspending some of them.

Every serious withdrawal of gold from the Bank of England damages credit and checks industrial and commercial enterprise, and the tension, under present conditions, is certain to be greater in future than in the past. Credit instruments, and what is called the "money of the City," are all very well in their way, but they have been greatly overdone, and the contemplation of Gold obligations on the part of the Joint Stock Banks of this country of £700,000,000, with only £90,000,000 of gold in the whole of Great Britain, is not a pleasant one.

The best interests of Threadneedle Street and Lombard Street would be promoted by the broadening of the metallic base—that is, by linking together gold and silver moneys for national and international purposes—as much as would the Industries and Commerce of the British Empire.

In conclusion, I would submit that the fact that men on all sides are talking about Currency indicates that there is something wrong with the system at present in vogue ; because, of all things, Currency should do its work silently and unnoticed, seeing that it is the Standard of Measurement to which all transactions in the nature of things should be adjusted.

All experience shows that there is no middle course between Monometallism and Bimetallism. Palliatives and temporary expedients have already been tried sufficiently to show that this question can only be settled by a measure which goes to its very roots. If it be true, as I have endeavoured to show, that the Gold Monometallism of this country has been a means of alienating or cutting down the purchasing power of her customers at home and abroad, there is no cause for wonder that there is a bitter cry of bad times.

There is every reason to believe—indeed there is every assurance—that other countries are waiting upon Great Britain, and the marvel is that Industrial Britain does not throw off its apathy, and demand that the Government shall use every resource at its command in promotion of an International Bimetallic arrangement, upon the existence of which the prosperity of the world seems so largely to depend.

APPENDIX.

[Reprinted from the "Pall Mall Gazette."]

Chinese Silver Prices.

An index-number table of the prices in silver taels of leading Chinese commodities, extending over the past twenty years, will interest a very large number of those engaged in commerce with the East or in economic studies, especially at the present time, when the silver question is at the fore. Such a table, compiled by Mr. Wetmore, of Shanghai, we have received from Messrs. James Boyd & Co. The following extract will give some idea of its scope:—

	1873	1875	1880	1885	1890	1891	1892
Alum, white	100	96	95	96	94	88	94
Beans	100	105	99	109	119	109	113
Cotton, raw	100	85	82	81	83	80	73
Cuttlefish, dried....	100	94	117	81	140	80	87
Hemp	100	99	116	101	75	76	76
Liquorice	100	40	41	95	72	86	86
Oil, wood	100	88	98	110	76	85	87
Paper, 2nd quality..	100	90	100	130	70	63	66
Rice	100	88	100	105	119	119	119
Safflower	100	90	101	100	104	88	84
Silk, raw..........	100	57	59	52	61	57	61
Tallow, vegetable ..	100	80	87	88	79	75	75
Tea, black	100	99	82	63	81	96	66
Do., brick	100	112	120	67	67	74	104
Do., green	100	76	70	61	53	51	52
Tobacco, leaf	100	75	83	91	62	75	74
Wax, white	100	104	121	93	75	73	97
Wheat	100	114	144	131	157	137	143
Wool, camels'......	100	108	163	140	158	160	136
Do., sheep's......	100	87	47	60	63	76	68
Aggregate values of commodities in silver	2000	1787	1925	1854	1808	1748	1761
Silver value of gold .	2000	2078	2275	2425	2539	2621	2950

It need scarcely be explained that in the table the prices of the various commodities are reduced to a common denominator. The standard of 100 is taken to represent the price in 1873, and the proportionate movement in value since, up or down, may be seen at a glance. It is remarked that "after a few variations, in none of which do the totals rise materially above the standard (2,000), prices settle down in 1892 considerably below the starting point in 1873; which demonstrates that on the whole prices in Shanghai in taels are lower than they were in 1873, or that the purchasing power of silver is certainly as great, if not slightly greater, than it was then: as it is evident that Tls. 1,761, the total for last year, would buy as much, on the average, of commodities generally as Tls. 2,000 would have done in 1873."

END OF
TITLE